



RELIANT MISSION, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

RELIANT MISSION, INC.

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INDEPENDENT AUDITORS' REPORT

Audit Committee
Reliant Mission, Inc.
Orlando, Florida

We have audited the accompanying financial statements of Reliant Mission, Inc. (an Ohio nonprofit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Committee
Reliant Mission, Inc.
Orlando, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reliant Mission, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Reliant Mission, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. This has had a material effect on the presentation of the December 31, 2019 financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Lawrenceville, Georgia
May 13, 2020

RELIANT MISSION, INC.

Statements of Financial Position

| | December 31, | |
|---------------------------------------|-----------------------------|-----------------------------|
| | 2019 | 2018 |
| ASSETS: | | |
| Cash and cash equivalents | \$ 4,970,012 | \$ 3,707,350 |
| Advances and other receivables | 224,120 | 124,210 |
| Prepaid expenses and other assets | 235,297 | 264,784 |
| Investments | 6,630,133 | 5,369,777 |
| Operating lease right-of-use asset | 408,693 | - |
| Finance lease right-of-use assets | 34,373 | - |
| Property and equipment—net | 476,610 | 639,661 |
| | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 12,979,238</u> | <u>\$ 10,105,782</u> |
| LIABILITIES AND NET ASSETS: | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 3,071,515 | \$ 2,651,084 |
| Deferred revenue | 10,200 | 17,722 |
| Operating lease liability | 411,193 | - |
| Finance lease liabilities | 35,391 | - |
| | <u> </u> | <u> </u> |
| | 3,528,299 | 2,668,806 |
| | <u> </u> | <u> </u> |
| Net assets: | | |
| Without donor restrictions | 2,160,328 | 1,580,642 |
| With donor restrictions | 7,290,611 | 5,856,334 |
| | <u> </u> | <u> </u> |
| | 9,450,939 | 7,436,976 |
| | <u> </u> | <u> </u> |
| Total Liabilities and Net Assets | <u>\$ 12,979,238</u> | <u>\$ 10,105,782</u> |

See notes to financial statements

RELIANT MISSION, INC.

Statements of Activities

Year Ended December 31,

| | 2019 | | | 2018 | | |
|---|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUE: | | | | | | |
| Support: | | | | | | |
| Contributions | \$ 34,996 | \$ 36,750,267 | \$ 36,785,263 | \$ 24,899 | \$ 31,033,576 | \$ 31,058,475 |
| Revenue: | | | | | | |
| Conferences and programs | 373,783 | - | 373,783 | 413,771 | - | 413,771 |
| Investment income | 389,841 | - | 389,841 | 11,310 | - | 11,310 |
| Other income | 23,431 | - | 23,431 | 18,482 | - | 18,482 |
| | <u>787,055</u> | <u>-</u> | <u>787,055</u> | <u>443,563</u> | <u>-</u> | <u>443,563</u> |
| Total Support and Revenue | <u>822,051</u> | <u>36,750,267</u> | <u>37,572,318</u> | <u>468,462</u> | <u>31,033,576</u> | <u>31,502,038</u> |
| RECLASSIFICATIONS: | | | | | | |
| Net assets released from: | | | | | | |
| Satisfaction of purpose restrictions | 35,315,990 | (35,315,990) | - | 30,065,852 | (30,065,852) | - |

(continued)

See notes to financial statements

RELIANT MISSION, INC.

Statements of Activities (continued)

Year Ended December 31,

| | 2019 | | | 2018 | | |
|-------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| EXPENSES: | | | | | | |
| Program services: | | | | | | |
| U.S. Ministries | 20,544,669 | - | 20,544,669 | 18,381,698 | - | 18,381,698 |
| Ministry team development | 1,341,651 | - | 1,341,651 | 1,155,745 | - | 1,155,745 |
| Conferences and events | 626,759 | - | 626,759 | 517,352 | - | 517,352 |
| International ministries | 5,140,710 | - | 5,140,710 | 3,328,461 | - | 3,328,461 |
| | <u>27,653,789</u> | <u>-</u> | <u>27,653,789</u> | <u>23,383,256</u> | <u>-</u> | <u>23,383,256</u> |
| Supporting activities: | | | | | | |
| Management and general | 4,535,270 | - | 4,535,270 | 3,957,489 | - | 3,957,489 |
| Fundraising | 3,369,296 | - | 3,369,296 | 3,166,553 | - | 3,166,553 |
| | <u>7,904,566</u> | <u>-</u> | <u>7,904,566</u> | <u>7,124,042</u> | <u>-</u> | <u>7,124,042</u> |
| Total Expenses | <u>35,558,355</u> | <u>-</u> | <u>35,558,355</u> | <u>30,507,298</u> | <u>-</u> | <u>30,507,298</u> |
| Change in Net Assets | 579,686 | 1,434,277 | 2,013,963 | 27,016 | 967,724 | 994,740 |
| Net Assets, Beginning of Year | <u>1,580,642</u> | <u>5,856,334</u> | <u>7,436,976</u> | <u>1,553,626</u> | <u>4,888,610</u> | <u>6,442,236</u> |
| Net Assets, End of Year | <u>\$ 2,160,328</u> | <u>\$ 7,290,611</u> | <u>\$ 9,450,939</u> | <u>\$ 1,580,642</u> | <u>\$ 5,856,334</u> | <u>\$ 7,436,976</u> |

See notes to financial statements

RELIANT MISSION, INC.

Statement of Functional Expenses

Year Ended December 31, 2019

| | Program Services | | | | Supporting Activities | | | | Total Expenses |
|-------------------------------------|----------------------|---------------------------|------------------------|--------------------------|------------------------|------------------------|---------------------|-----------------------------|----------------------|
| | U.S. Ministries | Ministry Team Development | Conferences and Events | International Ministries | Total Program Services | Management and General | Fundraising | Total Supporting Activities | |
| Salaries and parsonage | \$ 16,233,588 | \$ 1,032,805 | \$ 166,924 | \$ 3,450,433 | \$ 20,883,750 | \$ 2,584,012 | \$ 2,614,556 | \$ 5,198,568 | \$ 26,082,318 |
| Payroll taxes and employee benefits | 3,229,793 | 217,582 | 36,899 | 684,727 | 4,169,001 | 580,825 | 570,406 | 1,151,231 | 5,320,232 |
| | <u>19,463,381</u> | <u>1,250,387</u> | <u>203,823</u> | <u>4,135,160</u> | <u>25,052,751</u> | <u>3,164,837</u> | <u>3,184,962</u> | <u>6,349,799</u> | <u>31,402,550</u> |
| Travel and meals | 347,625 | 28,590 | 135,021 | 326,347 | 837,583 | 162,618 | 84,016 | 246,634 | 1,084,217 |
| Occupancy | 15,234 | 6,029 | 4,514 | 5,836 | 31,613 | 128,257 | 1,534 | 129,791 | 161,404 |
| Insurance | 39,820 | 3,222 | 5,210 | 3,655 | 51,907 | 62,449 | - | 62,449 | 114,356 |
| Depreciation and amortization | 17,979 | 12,617 | 9,147 | 6,939 | 46,682 | 243,123 | - | 243,123 | 289,805 |
| Professional fees | 99,059 | 391 | 7,659 | 15,112 | 122,221 | 283,330 | 1,187 | 284,517 | 406,738 |
| Telephone | 632 | 73 | 268 | 1,034 | 2,007 | 4,097 | 220 | 4,317 | 6,324 |
| Postage and shipping | 20,002 | 1,020 | 1,435 | 4,283 | 26,740 | 46,082 | 2,914 | 48,996 | 75,736 |
| Office supplies | 10,709 | 644 | 8,676 | 3,386 | 23,415 | 33,296 | 1,937 | 35,233 | 58,648 |
| Training, dues, and subscriptions | 229,033 | 19,897 | 16,609 | 251,711 | 517,250 | 254,158 | 45,411 | 299,569 | 816,819 |
| Marketing and promotions | - | - | - | - | - | 25,753 | - | 25,753 | 25,753 |
| Printing and publishing | 20,072 | 1,272 | 11,940 | 4,484 | 37,768 | 50,201 | 3,802 | 54,003 | 91,771 |
| Repairs, maintenance, and rental | 91 | 64 | 5,118 | 35 | 5,308 | 14,260 | - | 14,260 | 19,568 |
| Conference meals and lodging | 10,699 | - | 208,364 | 1,583 | 220,646 | 45,693 | 310 | 46,003 | 266,649 |
| Donations to other ministries | 80,992 | 4,732 | 7 | 324,306 | 410,037 | 7,972 | 14,196 | 22,168 | 432,205 |
| Other expenses | 189,341 | 12,713 | 8,968 | 56,839 | 267,861 | 9,144 | 28,807 | 37,951 | 305,812 |
| | <u>\$ 20,544,669</u> | <u>\$ 1,341,651</u> | <u>\$ 626,759</u> | <u>\$ 5,140,710</u> | <u>\$ 27,653,789</u> | <u>\$ 4,535,270</u> | <u>\$ 3,369,296</u> | <u>\$ 7,904,566</u> | <u>\$ 35,558,355</u> |

See notes to the financial statements

RELIANT MISSION, INC.

Statement of Functional Expenses

Year Ended December 31, 2018

| | Program Services | | | | Supporting Activities | | | | Total Expenses |
|-------------------------------------|----------------------|---------------------------|------------------------|--------------------------|------------------------|------------------------|---------------------|-----------------------------|----------------------|
| | U.S. Ministries | Ministry Team Development | Conferences and Events | International Ministries | Total Program Services | Management and General | Fundraising | Total Supporting Activities | |
| Salaries and parsonage | \$ 14,370,346 | \$ 883,093 | \$ 165,277 | \$ 2,226,575 | \$ 17,645,291 | \$ 2,267,083 | \$ 2,458,369 | \$ 4,725,452 | \$ 22,370,743 |
| Payroll taxes and employee benefits | 3,050,198 | 192,266 | 37,888 | 408,648 | 3,689,000 | 557,014 | 553,043 | 1,110,057 | 4,799,057 |
| | <u>17,420,544</u> | <u>1,075,359</u> | <u>203,165</u> | <u>2,635,223</u> | <u>21,334,291</u> | <u>2,824,097</u> | <u>3,011,412</u> | <u>5,835,509</u> | <u>27,169,800</u> |
| Travel and meals | 338,840 | 22,512 | 67,152 | 188,311 | 616,815 | 126,277 | 67,410 | 193,687 | 810,502 |
| Occupancy | 9,755 | 7,425 | 5,234 | 7,357 | 29,771 | 113,180 | 1,586 | 114,766 | 144,537 |
| Insurance | 30,251 | 3,668 | 6,592 | 6,627 | 47,138 | 57,644 | - | 57,644 | 104,782 |
| Depreciation and amortization | 6,238 | 15,596 | 11,307 | 8,968 | 42,109 | 259,841 | - | 259,841 | 301,950 |
| Professional fees | 78,356 | 184 | 12,464 | 4,786 | 95,790 | 139,418 | 551 | 139,969 | 235,759 |
| Telephone | 305 | 25 | 131 | 449 | 910 | 15,230 | 75 | 15,305 | 16,215 |
| Postage and shipping | 16,650 | 870 | 1,327 | 4,576 | 23,423 | 48,483 | 2,495 | 50,978 | 74,401 |
| Office supplies | 11,007 | 626 | 4,348 | 3,933 | 19,914 | 32,982 | 1,897 | 34,879 | 54,793 |
| Training, dues, and subscriptions | 162,747 | 12,154 | 7,626 | 89,583 | 272,110 | 186,839 | 33,213 | 220,052 | 492,162 |
| Marketing and promotions | - | - | - | - | - | 24,876 | - | 24,876 | 24,876 |
| Printing and publishing | 19,465 | 1,271 | 11,189 | 4,690 | 36,615 | 57,960 | 3,836 | 61,796 | 98,411 |
| Repairs, maintenance, and rental | 45 | - | 4,500 | 5 | 4,550 | 14,961 | - | 14,961 | 19,511 |
| Conference meals and lodging | 10,124 | 29 | 172,066 | 19,076 | 201,295 | 26,889 | 473 | 27,362 | 228,657 |
| Donations to other ministries | 117,879 | 5,775 | 977 | 321,179 | 445,810 | 10,242 | 17,325 | 27,567 | 473,377 |
| Other expenses | 159,492 | 10,251 | 9,274 | 33,698 | 212,715 | 18,570 | 26,280 | 44,850 | 257,565 |
| | <u>\$ 18,381,698</u> | <u>\$ 1,155,745</u> | <u>\$ 517,352</u> | <u>\$ 3,328,461</u> | <u>\$ 23,383,256</u> | <u>\$ 3,957,489</u> | <u>\$ 3,166,553</u> | <u>\$ 7,124,042</u> | <u>\$ 30,507,298</u> |

See notes to the financial statements

RELIANT MISSION, INC.

Statements of Cash Flows

| | Year Ended December 31, | |
|--|-------------------------|--------------|
| | 2019 | 2018 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 2,013,963 | \$ 994,740 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 289,805 | 301,950 |
| Unrealized/realized gains on investments | (221,655) | (119,753) |
| Changes in operating assets and liabilities: | | |
| Advances and other receivables | (99,910) | (37,815) |
| Prepaid expenses and other assets | 29,487 | 2,701 |
| Accounts payable and accrued expenses | 420,431 | 268,681 |
| Deferred revenue | (7,522) | (11,210) |
| Net Cash Provided by Operating Activities | 2,424,599 | 1,399,294 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sales of investments | 1,450,980 | 596,728 |
| Purchases of investments | (2,489,681) | (768,315) |
| Purchases of property and equipment | (111,891) | (248,219) |
| Net Cash Used by Investing Activities | (1,150,592) | (419,806) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Principal payments under finance lease liabilities | (11,345) | - |
| Net Change in Cash and Cash Equivalents | 1,262,662 | 979,488 |
| Cash and Cash Equivalents, Beginning of Year | 3,707,350 | 2,727,862 |
| Cash and Cash Equivalents, End of Year | \$ 4,970,012 | \$ 3,707,350 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Cash paid for interest | \$ 1,034 | \$ - |

(continued)

See notes to financial statements

RELIANT MISSION, INC.

Statements of Cash Flows

(continued)

| | Year Ended December 31, | |
|---|-------------------------|-------------|
| | <u>2019</u> | <u>2018</u> |
| NONCASH FINANCING ACTIVITIES: | | |
| Addition of right-of-use assets from financing leases | <u>\$ 46,736</u> | <u>\$ -</u> |
| Addition of right of use asset from operating lease | <u>\$ 472,922</u> | <u>\$ -</u> |

See notes to financial statements

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

1. NATURE OF ORGANIZATION:

Reliant Mission, Inc. (the Organization) is an integrated auxiliary of Collegiate Church Network and was incorporated in 1990 as an Ohio not-for-profit corporation and is exempt from federal income tax on related activities under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable State law. The Organization is classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) of the Code, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Organization is an evangelical Christian mission organization that trains, employs, and serves missionaries as they raise a team of supporters for their ministry. The Organization mobilizes these missionaries to then serve local churches through evangelism, discipleship, and church planting. Currently, the Organization employs over 600 missionaries (both full-time and part-time) who work in more than 180 churches and ministries throughout 18 countries. Employees of the Organization must adhere to a statement of faith and standards of conduct.

The Organization provides missionaries with many services, including training them for the work of deputized fundraising, coaching, and follow-up conferences. From its Orlando, Florida office, the Organization oversees salary and payroll, benefits, employee evaluations, and reimbursements for ministry expenses, as well as providing a technical support system and donor care. Of each dollar contributed to the Organization for the years ended December 31, 2019 and 2018, 87.2% and 87.0%, respectively, goes toward missionary accounts and 12.8% and 13.0%, respectively, goes toward running the mobilization support system.

The Organization is governed by an independent board of directors that meets four times annually. As a non-denominational organization, there is no requirement for board members or the executive director of the Organization to be members in a Collegiate Church Network church.

The Organization accomplishes its mission and objectives through four primary activities as described below:

U.S. Ministries—accomplishes its U.S. ministries by employing missionaries to serve in three types of churches: campus churches, church plants, and other missional churches. These churches normally are unable to fully financially support the staff they need to fulfill the mission of the church. Campus churches, located on or near a college campus, primarily reach the student population, so local church tithes and offerings alone are not sufficient to fund the workers they need for the task of evangelism and discipleship. Church plants usually begin with few members and heavy start-up costs, necessitating the need for fully supported missionaries. Organization missionaries also work in missional churches where the demographic being reached is unable to support full-time staff. These churches act as missionary bodies, doing large amounts of outreach to groups such as young, urban adults or lower-income, minority communities.

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

1. NATURE OF ORGANIZATION, continued:

Ministry Team Development—accomplishes its ministry team development through the presentation of its ministry by individual missionaries. The ministry of the Organization is presented mainly to Christians who may have an interest in the type of ministry that the Organization is doing in the U.S. and overseas. In addition, ministry team development is accomplished by asking people to volunteer time in a local ministry or church that is served by the Organization, sharing what God is doing in the U.S. and overseas through the Organization, asking them to pray for the ministry of that individual missionary and other Organization-affiliated ministries, sharing the Word of God with them, asking them to support the ministry financially, challenging them to live for Jesus Christ, and corresponding with them through a monthly prayer letter.

Conferences and Events—accomplishes its conference ministry by administrating events for Collegiate Churches and other Organization-affiliated ministries, as well as multiple conferences for training its new missionaries and interns. These events include a variety of summer long leadership training programs for college students and an annual leadership conference for missionaries of the Organization and pastors in Collegiate churches, as well as established week long trainings (currently four per year) for new missionaries, and a number of intern and follow-up trainings as needed. The goal of these conferences and events is to build up believers and train them in character, leadership skills and fundraising while envisioning them with Jesus' Great Commission.

International Ministries—accomplishes its international ministries by employing missionaries to work overseas in international churches. In 2019, approximately 12 percent of the Organization's missionaries work internationally. The Organization primarily partners with Great Commission Europe (GCE), Great Commission Latin America (GCLA), and the Great Commission Churches in Asia which maintain their own distinct board of elders for governance. International churches are not controlled by the Organization. The churches collect their own tithes and contributions and pay their own operating expenses. None of the revenues or expenses for these churches are recorded in these financial statements. However, the Organization does pay the salary, benefits, and ministry expenses of the staff assigned to the various international churches, and those expenses are recorded in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, checking, and savings accounts, and highly liquid investments with maturity dates of less than three months. These accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2019 and 2018, the Organization's cash balances exceeded federally insured limits by \$4,240,439 and \$2,951,872, respectively.

ADVANCES AND OTHER RECEIVABLES

The Organization allows missionaries to receive salary advances. These advances are repaid through payroll deductions. Due to the nature of the advances and other receivables, the Organization has not recorded an allowance for the years ended December 31, 2019 and 2018, as management believes that they are fully collectible.

INVESTMENTS

Investments in certificates of deposit, money market funds, mutual funds, exchange traded funds, equity securities with readily determinable fair values, and debt and governmental securities are reported at fair value with gains and losses included in the statements of activities. Other investments are reported at the lower of cost or fair value. All cash and cash equivalents held in investment brokerage accounts is held for purposes of investing.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization capitalizes all property and equipment expenditures greater than \$2,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 10 years.

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in operations or designated by the board for specific use. Equity in property and equipment represents amounts invested in property and equipment net of accumulated depreciation and finance and operating lease right-of-use assets net of finance and operating lease liabilities.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled. These include donor restrictions requiring the net assets to be held in perpetuity or for a specified term with investment return available for operations or other purposes. The disclosure requirements related to net assets to be held in perpetuity as prescribed by the *Endowment* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) are not included due to immateriality.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give--that is, those with a measurable performance or other barrier and a right of return--are not recognized until the conditions on which they depend have been met. Refundable registration fees paid by attendees for conferences that will occur in the upcoming year have been reported as deferred revenue. Substantially all deferred revenue at December 31, 2019 and 2018 was recognized as revenue during the following year.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

The Organization reports donations of property and equipment as support without donor restriction unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated goods (including securities, property, and equipment) are recorded at fair value at the date of the gift.

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Expenses are recorded when costs are incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities of the Organization have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, depreciation and other expenses and have been allocated based on the programmatic function of the employees affected by the expense. Missionaries released to assignment spend 10% of their time raising support, of which 25% is ministry team development and 75% is fundraising. Ministry project accounts are directly allocated to a program. A majority of full-time, supported missionaries are responsible for securing contributions to the Organization to cover an allocated share of fundraising expenses. A portion of missionaries members' compensation is included in fundraising expenses.

In connection with promotional mailings and other informational materials and activities, the Organization incurred joint costs of \$53,753 and \$70,287 for the years ended December 31, 2019 and 2018, respectively. Of those costs, \$33,353 and \$45,282 were allocated to general and administrative, and \$20,400 and \$25,005 were allocated to fundraising for the years ended December 31, 2019 and 2018, respectively.

COMPENSATED ABSENCES

For the years ended December 31, 2019 and 2018, an accrual for compensated absences for missionaries has not been made in these financial statements because the amount cannot be reasonably estimated.

RECENTLY ISSUED ACCOUNTING STANDARDS

The FASB recently issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires organizations to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. A lessee is required to recognize assets and liabilities for leases with lease terms of more than 12 months. The Organization has elected to early adopt this ASU. The ASU requires retroactive implementation; however, no material lease agreements were entered into by the Organization previous to those disclosed in Note 10.

As a result of the recently adopted ASU related to leases, the Organization adopted an accounting policy of recognizing a risk-free interest rate on all leases unless an interest rate is explicitly noted in the lease agreement. Additionally, any lease agreements less than 12 months will not be recognized under the recently adopted ASU.

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ISSUED ACCOUNTING STANDARDS, continued

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The Organization adopted the provisions of this new standard during the year ended December 31, 2019. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of this standard had no effect on change in net assets or net assets in total.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities of training, employing, and serving missionaries as they raise a team of supporters for their ministry as well as the conduct of services undertaken to support those activities to be general expenditures.

| | December 31, | |
|---|----------------------|---------------------|
| | 2019 | 2018 |
| Financial assets: | | |
| Cash and cash equivalents | \$ 4,970,012 | \$ 3,707,350 |
| Investments | 6,630,133 | 5,369,777 |
| Accounts receivable and other advances | 224,120 | 124,210 |
| Financial assets, at year-end | <u>11,824,265</u> | <u>9,201,337</u> |
| Less those not available for general expenditure within one year: | | |
| Headquarters administrative endowment | (17,227) | (17,227) |
| Board designated reserves | (1,683,718) | (940,981) |
| | <u>(1,700,945)</u> | <u>(958,208)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 10,123,320</u> | <u>\$ 8,243,129</u> |

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Board designated reserves can be released upon resolution of the board and used for general expenditures. At December 31, 2019, the Organization has \$7,272,384 in net assets with donor restrictions for missionary and project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

4. ADVANCES AND OTHER RECEIVABLES:

Advances and other receivables consist of:

| | December 31, | |
|--------------------|-------------------|-------------------|
| | 2019 | 2018 |
| Employee advances: | | |
| Payroll advances | \$ 172,602 | \$ 99,103 |
| Travel advances | 11,025 | 870 |
| Other receivables | 40,493 | 24,237 |
| | <u>\$ 224,120</u> | <u>\$ 124,210</u> |

5. INVESTMENTS:

Investments consist of the following:

| | December 31, | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Held at fair value: | | |
| Mutual funds | \$ 133,727 | \$ 115,472 |
| Equity securities and exchange traded funds | 1,045,104 | 921,996 |
| | <u>1,178,831</u> | <u>1,037,468</u> |
| Held at cost: | | |
| Cash and cash equivalents | 77,911 | 120,681 |
| Certificates of deposit (plus accrued interest) | 5,373,391 | 4,211,628 |
| | <u>5,451,302</u> | <u>4,332,309</u> |
| | <u>\$ 6,630,133</u> | <u>\$ 5,369,777</u> |

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

5. INVESTMENTS, continued:

Investments are held for the following purposes:

| | December 31, | |
|--|---------------------|---------------------|
| | 2019 | 2018 |
| General operations | \$ 1,203,047 | \$ 1,090,576 |
| Endowment | 47,494 | 38,684 |
| Missionaries and other restricted purposes | 5,379,592 | 4,240,517 |
| | <u>\$ 6,630,133</u> | <u>\$ 5,369,777</u> |

6. PREPAID EXPENSES AND OTHER ASSETS:

Prepaid expenses and other assets consist of:

| | December 31, | |
|------------------|-------------------|-------------------|
| | 2019 | 2018 |
| Prepaid expenses | \$ 160,748 | \$ 183,255 |
| Deposits | 41,387 | 42,437 |
| Other assets | 33,162 | 39,092 |
| | <u>\$ 235,297</u> | <u>\$ 264,784</u> |

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

| | December 31, | |
|--|--------------------|--------------------|
| | 2019 | 2018 |
| Computer and office equipment | \$ 288,800 | \$ 275,505 |
| Furniture and equipment | 4,441 | 4,441 |
| Leasehold improvements | 89,063 | 82,280 |
| Software and development environment | 250,393 | 250,393 |
| Website capital costs | 1,314,493 | 1,215,357 |
| | <u>1,947,190</u> | <u>1,827,976</u> |
| Less accumulated depreciation and amortization | <u>(1,470,580)</u> | <u>(1,188,315)</u> |
| | <u>\$ 476,610</u> | <u>\$ 639,661</u> |

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

8. NET ASSETS:

Net assets consist of:

| | December 31, | |
|---------------------------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Without donor restrictions: | | |
| Board designated for: | | |
| General and administrative reserve | \$ 1,607,395 | \$ 849,793 |
| Staff ministries fund | 46,298 | 69,731 |
| Collegiate Leadership Ministry | 2,985 | 3,289 |
| Headquarters administrative endowment | 27,040 | 18,168 |
| | <u>1,683,718</u> | <u>940,981</u> |
| Equity in property and equipment | <u>476,610</u> | <u>639,661</u> |
| | <u>\$ 2,160,328</u> | <u>\$ 1,580,642</u> |
| With donor restrictions: | | |
| Restricted for purpose or time: | | |
| Missionary staff | \$ 6,384,775 | \$ 5,060,747 |
| Collegiate churches and ministries | 419,702 | 512,027 |
| Europe churches and ministries | 55,616 | 51,715 |
| Latin America churches and ministries | 132,576 | 131,157 |
| Asia churches and ministries | 184,035 | 17,529 |
| U.S. churches and ministries | 95,888 | 65,140 |
| Other funds with purpose restrictions | 792 | 792 |
| | <u>7,273,384</u> | <u>5,839,107</u> |
| Restricted in perpetuity: | | |
| Headquarters administrative endowment | <u>17,227</u> | <u>17,227</u> |
| | <u>\$ 7,290,611</u> | <u>\$ 5,856,334</u> |

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

9. TAX DEFERRED RETIREMENT PLAN:

The Organization operates a 401(k) tax deferred retirement plan for employees who have completed one year of service. Employee elective deferrals are matched by the Organization 100% up to 5% of eligible earning per year. The Organization contributed \$668,817 and \$601,931 to the plan as the employer provided match for the years ended December 31, 2019 and 2018, respectively.

10. LEASES:

Leases consist of:

| | December 31, 2019 | | |
|---|-------------------|-----------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value |
| Operating lease right-of-use asset: | | | |
| Office space leased under a three-year operating lease agreement dated August 2019. The Organization will pay monthly payments of \$13,000 to \$14,000 with a risk-free rate of 1.75% | \$ 472,923 | \$ (64,230) | \$ 408,693 |
| Financing lease right-of-use assets: | | | |
| Copier equipment leased under a thirty-nine-month finance lease agreement dated January 2019. The Organization will pay monthly payments of \$702 with a risk-free rate of 2.55%. | \$ 28,435 | \$ (8,072) | \$ 20,363 |
| Mailing equipment leased under a five-year finance lease agreement dated June 2018. The Organization will pay monthly payments of \$366 with a risk-free of 2.77%. | 20,502 | (6,492) | 14,010 |
| | <u>\$ 48,937</u> | <u>\$ (14,564)</u> | <u>\$ 34,373</u> |

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

10. LEASES, continued:

Lease costs as of December 31, 2019, consist of:

Finance lease cost:

| | | |
|-------------------------------------|----|----------------------|
| Amortization of right-of-use assets | \$ | 12,172 |
| Interest on lease liabilities | | 1,034 |
| Operating lease cost | | <u>65,000</u> |
| | \$ | <u><u>78,206</u></u> |

Future minimum lease payments required under the operating lease that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

| <u>Years Ending December 31,</u> | <u>Amounts</u> |
|----------------------------------|--------------------------|
| 2020 | \$ 158,500 |
| 2021 | 164,500 |
| 2022 | <u>98,000</u> |
| | <u><u>\$ 421,000</u></u> |

Future minimum lease payments required under the financing leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

| <u>Years Ending December 31,</u> | <u>Amounts</u> |
|-----------------------------------|-------------------------|
| 2020 | \$ 12,816 |
| 2021 | 12,816 |
| 2022 | 6,498 |
| 2023 | <u>3,500</u> |
| | 35,630 |
| Less amount representing interest | <u>(239)</u> |
| | <u><u>\$ 35,391</u></u> |

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

11. RELATED PARTIES:

During the years ended December 31, 2019 and 2018, the Organization engaged in certain activities with related parties as follows:

A member of the board of directors of the Organization is also a member of the board of directors of Great Commission Latin America (GCLA). In 2019 and 2018, the Organization made contributions of \$35,700 and \$37,300, respectively, to GCLA. The Organization received contributions of \$139,270 and \$188,190 from GCLA during 2019 and 2018, respectively.

In 2019 and 2018, the Organization made contributions and grant payments totaling \$40,805 and \$78,606, respectively, to Collegiate Church Network churches and ministries. The Organization also received contributions (representing church tithes and the Organization missionary support) from Collegiate Church Network churches and ministries totaling \$1,444,422 and \$1,564,539 during 2019 and 2018, respectively.

12. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, The Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

| | Fair Value Measurements at December 31, 2019 | | | |
|-----------------------|---|----------|----------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Mutual funds: | | | | |
| Growth funds | \$ 72,485 | \$ - | \$ - | \$ 72,485 |
| Preferred stock | 56,694 | - | - | 56,694 |
| Short-term bond funds | 4,548 | - | - | 4,548 |
| | <u>133,727</u> | <u>-</u> | <u>-</u> | <u>133,727</u> |

(continued)

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

12. FAIR VALUE MEASUREMENTS, continued:

| | Fair Value Measurements at December 31, 2019 | | | |
|--|---|------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments, continued: | | | | |
| Corporate bonds: | | | | |
| Short and long-term bonds | - | 20,683 | - | 20,683 |
| Equity securities and exchange traded funds: | | | | |
| Energy | 22,126 | - | - | 22,126 |
| Financial and consumer | 219,641 | - | - | 219,641 |
| Healthcare and utilities | 28,234 | - | - | 28,234 |
| Taxable fixed income | 602,514 | - | - | 602,514 |
| Government securities | 89,997 | - | - | 89,997 |
| Telecommunication services | 61,909 | - | - | 61,909 |
| | <u>1,024,421</u> | <u>-</u> | <u>-</u> | <u>1,024,421</u> |
| Total Investments | <u>\$ 1,158,148</u> | <u>\$ 20,683</u> | <u>\$ -</u> | <u>\$ 1,178,831</u> |
| | | | | |
| | Fair Value Measurements at December 31, 2018 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Mutual funds: | | | | |
| Growth funds | \$ 58,016 | \$ - | \$ - | \$ 58,016 |
| Preferred stock | 50,072 | - | - | 50,072 |
| Short-term bond funds | 7,384 | - | - | 7,384 |
| | <u>115,472</u> | <u>-</u> | <u>-</u> | <u>115,472</u> |
| Corporate bonds: | | | | |
| Short and long-term bonds | - | 19,991 | - | 19,991 |

(continued)

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

12. FAIR VALUE MEASUREMENTS, continued:

| | Fair Value Measurements at December 31, 2018 | | | |
|--|---|------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments, continued: | | | | |
| Equity securities and exchange traded funds: | | | | |
| Energy | 21,651 | - | - | 21,651 |
| Financial and consumer | 228,165 | - | - | 228,165 |
| Healthcare and utilities | 28,289 | - | - | 28,289 |
| Taxable fixed income | 575,407 | - | - | 575,407 |
| Telecommunication services | 48,493 | - | - | 48,493 |
| | <u>902,005</u> | <u>-</u> | <u>-</u> | <u>902,005</u> |
| Total Investments | <u>\$ 1,017,477</u> | <u>\$ 19,991</u> | <u>\$ -</u> | <u>\$ 1,037,468</u> |

Methods and assumptions used by the Organization in estimating fair values are as follows:

Mutual funds, equity securities and exchange traded funds—The fair values of these financial instruments are based on quoted market prices or dealer quotes.

Certificates of deposit—The fair values of these financial instruments are determined by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

Change in valuation techniques—None.

13. COMMITMENTS AND CONTINGENCIES:

LEGAL MATTERS

The Organization is involved in various legal matters, which the Organization is aggressively disputing. Currently, the ultimate disposition of legal proceedings cannot be predicted with certainty; however, the Organization believes that the outcome of any claim which is pending or in dispute, either individually or on a combined basis, will not have a materially adverse effect on its operations. As a result, no contingency has been recorded.

RELIANT MISSION, INC.

Notes to Financial Statements

December 31, 2019 and 2018

14. SUBSEQUENT EVENTS:

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting revenue and operations across a range of industries. The extent of the impact of COVID-19 on the operational and financial performance of the Organization will depend on certain developments, including the duration and spread of the outbreak and impact on donors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact financial condition or results of operations of the Organization is uncertain.

Subsequent events have been evaluated through May 13, 2020, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.